Service Date: March 20, 1992

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER Of The Application Of the MONTANA POWER COMPANY FOR Authority to Increase Rates for Natural Gas and Electric Service	)	UTILITY DIVISION DOCKET NO. 90.6.39 ORDER NO. 5484s (Reconciliation, Moderation, and Rate Design)

ORDER ON MOTIONS FOR RECONSIDERATION

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FINDINGS OF FACT

BACKGROUND

On October 17, 1991, the Montana Public Service Commission (Commission) issued Order No. 5484n, the Final Order on electric class cost of service/rate design (COS/RD) in this Docket. In Order No. 5484o (Docket No. 90.6.39, November 5, 1991) the Commission stayed implementation of Order No. 5484n pending reconsideration and directed that rates be implemented by November 1, 1991, incorporating a uniform percentage increase. On or around November 6, 1991, the Commission received motions for reconsideration (and accompanying briefs) of Order No. 5484n from the Montana Power Company (MPC), the Large Customer Group (LCG) and Rhone-Poulenc Basic Chemical Company (RPC). On or around November 25, 1991, the Commission received reply briefs from District XI Human Resource Council (HRC), the Montana Consumer Counsel (MCC) and MPC.

On January 31, 1992, the Commission issued Order No. 5484r on reconsideration of class cost of service (COS) issues decided in Order No. 5484n. As explained at paragraph 7 of Order No. 5484r the Commission decided to bifurcate its reconsideration of Order No. 5484n into two parts: reconsideration of COS issues and reconsideration of rate design (RD) issues. As noted, Order No. 5484r disposed of COS issues. This Order will dispose of all other issues on reconsideration.

Motions to Stay

On February 11, 1992, the MCC filed a motion to stay the implementation of Order Nos. 5484n, 5484r, and the present Order until November 1, 1992. MCC points out in its motion that one of the effects of Order No. 5484n was to reduce the seasonal differential in rates by shifting some costs from the winter to the summer season. Because the Commission stayed the implementation of Order No. 5484n, however, costs that would have been shifted to the summer stayed in winter rates, making winter rates higher than they would have been under Order No. 5484n. If the Commission now lifts its stay of Order No. 5484n at the beginning of the summer season, higher summer rates will take effect as those rates make up costs shifted from the winter season. MCC argues that this is a "lose/lose" situation for residential customers because "the higher 'equal percentage' winter-weighted rates were paid during the winter and the higher '90.6.39' summer-weighted rates will be paid during the summer." MCC explains that implementing Order Nos. 5484n and 5484r at this time will mean a significant overcollection from the Residential class, relative to either Order No. 5484n rates or equal percentage rates (Order No. 5484o) consistently applied for the period November 1, 1991, to November 1, 1992. Given this situation MCC argues that "[f]airness and consistency require that the Commission extend its own stay through October 1992." Four parties to this Docket responded to MCC's motion. MPC indicates that, if the Residential class will be harmed by implementing the new rates at this time, it does not object to a stay pending the resolution of the appeal by LCG of Order No. 5484n. MPC resists the conclusion, however, that implementation of Order No. 5484n rates should be stayed to prevent MPC from overcollecting its revenue requirement. MPC also contends that the Commission does not have the authority to stay its own order unless the order is subject to judicial review.

The LCG responded to MCC's motion by filing its own motion for stay of Order Nos. 5484n and 5484r. LCG states in its motion that it "has no objection to the relief requested by MCC and generally supports and adopts the rationale detailed in that motion." LCG incorporated in its motion by reference its Motion to Stay PSC Order No. 5484r filed in State District Court (Yellowstone County, Cause No. DV91-1220). RPC responded in support of MCC's motion. RPC argues that a stay will give it the opportunity to litigate judicial review of Order No. 5484n (State District Court, Lewis and Clark County, Cause No. ADV-91-2095) without accruing a claim for overpayment of its power costs against MPC.

HRC also responded to MCC's motion. HRC argues that the Commission stay of Order No. 5484n (Order No. 5484o) has imposed a "severe injustice" on residential ratepayers during this past winter season. HRC argues that the best way to remedy this "injustice" would be to lift the stay and implement new rates immediately, coupled with a refund mechanism to recoup the "over-collection of revenues during the November through February period." In the alternative HRC argues that MCC's motion should be granted.

The Commission agrees with the MCC that the original stay of Order No. 5484n, combined with the imminent implementation of new rates pursuant to Order No. 5484r and this Order, would not be fair to the residential class, or, perhaps, to other customer classes. Lifting the stay at this time would impose a significantly larger revenue responsibility on the Residential class than either Order No. 5484n rates or equal-percentage rates consistently applied over the November 1, 1991, to November 1, 1992, period. Therefore, the Commission grants MCC's motion. The Commission denies HRC's request to immediately lift the stay and to impose a refund mechanism. The rates implemented by MPC pursuant to Commission Order No. 5484o are not interim rates. Ordering MPC to disgorge a part of the revenue collected by those rates, through some forward adjustment mechanism, would constitute retroactive ratemaking, which is prohibited by Montana law.

The Commission rejects MPC's assertion that the Commission has no power to stay its own orders absent a pending petition for judicial review. MPC refers the Commission to Section 69-3-403(1), MCA, which addresses the power of the district court to stay a Commission order, and Section 2-4-702(3), MCA, which seems to grant a Commission power to stay only upon judicial review. MPC concludes that since the legislature has not specifically given the Commission the general power to stay its own orders, no such power exists because the Commission has only those specific powers conferred upon it.

The Commission agrees with MPC that Section 69-3-403(1), MCA, does not confer on the Commission a power to stay its own orders. Further, the Commission finds that MPC is probably correct that Section 2-4-702(3), MCA, does not confer a general power to stay absent judicial review. The Commission strongly disagrees with MPC, however, that the Commission has no implied powers under current Montana law. The Commission does have implied powers, which include the power under certain circumstances to stay its own orders.

Section 69-3-103(1), MCA, reads in relevant part as follows (emphasis added):

> In addition to the modes of procedure hereinafter prescribed in particular cases and classes of cases, said commission shall have

> power to prescribe rules of procedure and to do all things necessary and convenient in the exercise of the powers conferred by this chapter upon the commission.

It is obviously a power of the Commission to set rates, rates that are then deemed reasonable and just. Whether rates are reasonable and just may depend, as it does in this case, on the timing of rate implementation. In order for the Commission to set reasonable and just rates in this case, it is necessary that it stay certain of its orders. The Commission finds that the power to stay and to control implementation of its own orders is a necessary and convenient power conferred by Sections 69-3-103(1) and 69-3-102, MCA.

MPC apparently construes Montana Power Company v. Public Service Commission, 206 Mont. 359 (1983) as authority precluding the Commission from staying its own orders. In Montana Power the court quoted from its earlier opinion that the Commission "... has only limited powers, to be ascertained by reference to the statute creating it, and any reasonable doubt as to the grant of a particular power will be resolved against the existence of the power." Id. at 371. The court went on to find that the Commission did not have the power to prohibit the establishment of a holding company by MPC pending an investigation by the Commission. The Commission finds that its attempt to enjoin MPC from forming a holding company pending an investigation, which was held by the court to be an unauthorized assumption of judicial power, is significantly different from a stay of its own order. When the Commission stays its own order it is not assuming a judicial power, it is exercising administrative control over its own work product in the furtherance of the regulatory charge given it by the legislature. Therefore, the Commission finds that Montana Power does not control these facts and that there is no reasonable doubt that the Commission has the power in this situation to stay its own order.

DISCUSSION AND FURTHER FINDINGS

PREFACE

Part I addresses motions regarding reconciliation issues not addressed in Order No. 5484r. These motions overlap with RPC's motion on the Electric Industrial Retention/ Interruptible (EIRI) tariff and MPC's proposed Interruptible Industrial (II-1) tariff, typically rate design (RD) issues. Therefore, RPC's motion and the responses of MPC, MCC, and HRC regarding EIRI issues will be discussed in Part I.

In Part II the Commission also addresses motions on RD. As a result of the Commission's decisions on motions on COS, the Commission will revisit several of the RDs addressed in Order No. 5484n. Part II addresses MPC's motion regarding the Transmission and Substation class RDs. Although MPC's motion regarding this issue relates to the relative prices of these classes, the Commission finds it reasonable to reconsider its decision to separately price services to these classes or price them as one class with a discount for service to the transmission class as proposed by the LCG. The Commission will consider the same for the Secondary and Primary classes.

Part I

RECONCILIATION AND MODERATION

This part addresses each of RPC's motions regarding (1) denial of RPC's proposal to limit the Interruptible Industrial class revenue increase to the system average increase; (2) cancellation of the EIRI tariff; (3) an increase of RPC's annual interruptible hours from 800 to 1,200; and (4) the Commission's illustrative II-1 energy price. Issues 1-3 above pertain to the electric service contract between MPC and RPC ("MPC/RPC Contract"). The Commission will address certain aspects of the EIRI and II-1 tariffs in this part. RPC's and MPC's motions regarding the II-1 prices are discussed in part II of this order. In this part the Commission will also summarize its reexamination of reconciled and moderated class revenue requirements.

RPC's Reconciliation Motion, Cancellation of The EIRI Tariff, and Acceptance of The II-1 Tariff

Summary of the Issues: RPC's Class Revenue

Requirements. In direct testimony RPC's witness, Frank R. Lanou (henceforth RPC), compared the terms and conditions of MPC's proposed II-1 and the current EIRI tariffs and MPC/RPC Contract (Exh. No. RPC-2, pp. 1-7). RPC concluded that the rate change provision in the MPC/RPC Contract requiring rate changes to reflect the overall system average percentage change is not present in MPC's proposed II-1 tariff. MPC, however, maintained that the MPC/RPC Contract provisions are subject to change per the Commission's authority and that the EIRI tariff contained language stating the same (Exh. No. MPC-44, pp. 8-9).
The Commission denied RPC's proposal to limit its class (Interruptible Industrial) revenue requirement to the system average increase. (See Order No. 5484n, FOF 434 and 302.) The Commission also approved MPC's proposal to cancel the EIRI tariff (Id., FOF 516) and approved MPC's II-1 tariff and the interruptible credit for RPC, based on the method MPC proposed in rebuttal testimony which included 1,200 hours of interruptibility (Id., FOF 518).

Limitation of the Interruptible Class Revenues to the System Average. RPC maintains that denying its proposal to limit its class revenue increase to the total system revenue requirement increase constitutes "...an unlawful interference with the electric power contract between RPC and MPC" (RPC MFR, p. 3). According to RPC, Section 7 of the MPC/RPC Contract requires that the energy and customer charges shall change with the system average percentage change in retail rates after July 1, 1987.

RPC maintains that the Commission may not interfere with a contract between a utility and its customer unless (1) the contract threatens the utility's ability to serve or (2) the contract adversely affects the rate structure (RPC MFR, p. 4).

RPC notes that in Docket No. 87.4.21 the Commission determined there were positive economic benefits associated with service to RPC (then Stauffer Chemical Co.) under the EIRI rate. RPC also maintains that no evidence in this Docket demonstrates that service to RPC under the MPC/RPC Contract per the EIRI would adversely affect the rate structure. Additionally, RPC maintains that the Commission's decision in Docket No. 90.1.1 regarding service to MSU and Canbra under the IMR and NGI tariffs limited Commission intervention in a utility/customer contract.

Cancellation of the EIRI Tariff. RPC argues that the Commission's decision to cancel the EIRI tariff is unjust and unwarranted, lacking explanation and citations to the record. RPC maintains that no evidence in this Docket supports a finding that service to RPC under the EIRI tariff no longer provides an economic benefit associated with retaining the RPC load as the Commission found in Docket No 87.4.21. This economic benefit resulted from EIRI revenues exceeding the foregone revenues resulting from the EIRI discount.

RPC urges the Commission to reconsider its decision on the EIRI rate and adopt RPC's Proposed Findings of Fact and Conclusions of Law, filed July 16, 1991 ("Proposed Findings/Conclusions" July 16, 1991) (RPC MFR, pp. 2-3). RPC proposed that the Commission's findings address the effects of MPC's proposed II-1 tariff on the MPC/RPC Contract and RPC's "competitive position," and find significant positive benefits and contributions associated with service to RPC under the EIRI tariff. Further, RPC proposed a Commission finding of insufficient evidence to support MPC's proposal to cancel the EIRI tariff and provide service to RPC under the II-1 tariff. RPC's opening brief had stated that MPC's II-1 tariff was unacceptable; the EIRI tariff should be retained; and the II-1 tariff would adversely affect the MPC/RPC Contract and RPC's ability to compete. Thus, RPC asked the Commission to adjust the energy and customer prices of the EIRI rate to reflect the system average percentage change in retail rates.

RPC also proposed that the Commission's order advise MPC and RPC to jointly review the need to retain the EIRI tariff, quantify the net economic benefit of retaining the RPC load, and determine the value of interruptibility, using MPC's proposed interruptible credit and RPC's proposed performance incentive credit. Based on its motion and brief, RPC would have the Commission find that service under the II-1 rate would result in RPC not being competitive at the prices MPC proposed (RPC RDR MPC-174). RPC also maintained that "[p]rices above 21 mills place the R-P operation in an uncompetitive position within similar market structures." (Id.) As proposed, this joint review of the EIRI tariff would include details on RPC's "competitive position with similar market structures." (RPC Proposed Findings/Conclusions, July 16, 1991.)

RPC's Proposed Findings/Conclusions also requested recognition that the continued economic benefits of the EIRI rate computed in Docket No. 87.4.21 were not challenged or disproven in this proceeding and that RPC documented differences between the EIRI and II-1 tariffs and the MPC/RPC Contract.

Increase of RPC's Interruptible Hours. RPC requested the Commission reconsider the number of annual interruptible hours it approved for RPC under the II-1 tariff. RPC questions the Commission's interference with the provisions of the MPC/RPC Contract related to adjustment of "rates and the level of interruptibility" (RPC MFR, p. 6).

MPC's Position on the II-1 and EIRI Tariffs. MPC maintains that there is sufficient evidence in this case to support the II-1 tariff for service to RPC and that RPC's motion to reinstate the EIRI tariff should be denied. According to MPC, RPC did not dispute MPC's proposed II-1 tariff and the methods used to compute the costs underlying the II-1 rates (i.e., determining RPC's cost as a firm customer and then crediting RPC for the value of interruptibility). MPC also maintains that RPC incorrectly claimed that no evidence justified a rate different from the EIRI rate. MPC argues that rates should be cost based to the extent possible and that substantial evidence in this docket demonstrates the cost of serving RPC.

MPC asserts although the four-year-old record in Docket No. 87.4.21 showed positive benefits from the EIRI rate, these benefits were not addressed in this Docket. Further, MPC states that RPC had the opportunity through discovery to show it needed a retention rate. MPC notes RPC did state that its operations were not competitive with other phosphorous producers, but it did not support its claim (MPC Response, pp. 1-3). MPC argues RPC cannot rely on the record in Docket No. 87.4.21 to support the EIRI rate in Docket No. 90.6.39.

To refute RPC's arguments to limit its class revenue requirement to the system average, MPC argues that the Commission had full authority to decide the appropriate rate and that continuing the EIRI rate would adversely affect MPC's rate structure. MPC concludes the Commission should deny RPC's motion (MPC Response, pp. 3-6).

MCC's Position on the II-1 and EIRI Tariffs. MCC maintains that the Commission acted within its authority to cancel the EIRI tariff. MCC indicates that RPC did not prove that the benefits of the EIRI rate would not exist under the II-1 rate and should not be allowed to do so after the record has closed.

MCC asserts that RPC's primary concern is to retain the terms and conditions of its current contract with MPC (MCC Reply, pp. 5-6). MCC maintains that there is no basis for RPC's claim that the Commission's cancellation of the EIRI tariff is an unlawful interference with the MPC/RPC Contract. MCC notes that section 2 under the Special Terms and Conditions of the EIRI tariff states that the Commission has jurisdiction over the "rates and service conditions under" the EIRI schedule (MCC, Reply, p. 6).

MCC also argues that the Commission is not bound by private contracts to establish prices. Whether RPC should be served under the EIRI or II-1 tariff and whether such service will impact other rate schedules is a question of proof, not of Commission jurisdiction, according to MCC. MCC maintains there is sufficient proof in this Docket to demonstrate that service under the EIRI schedule will adversely affect other rate schedules. The revenue shortfall (apparently associated with increasing RPC's rates no more than the system average) must be collected in other rate structures. RPC's motion should be denied, MCC states.

HRC's Position on the II-1 and EIRI Tariffs. HRC responded to both RPC's motion regarding the EIRI tariff and its class revenue concerns, as well as MPC's motion regarding the Commission's approved II-1 prices. HRC supports rates which emphasize energy prices and notes that interruptions would decline as RPC is charged higher energy prices. Referring to MPC's explanation that the RPC rate was intended to encourage a two-furnace operation and that MPC intends to purchase industrial conservation, HRC states "{i}t is contradictory and self-defeating simultaneously to encourage uneconomic industrial consumption and industrial conservation" (HRC Reply, p. 8).

In response to RPC's contention that no evidence supported cancelling the EIRI rate, HRC claims that the COS study in this case supports cancellation of the EIRI rate. HRC further argues that if the EIRI rate were not cancelled, it would advance additional resource costs since the rate features an uneconomic use of energy. HRC requests findings in this regard.

Responding to RPC's claim that cancellation of the EIRI rate results in interference with the MPC/RPC Contract, HRC asserts that rates reflect the Commission's interclass COS and that the costs of a utility/customer contract should not be collected from third parties. HRC asserts that the EIRI rate appears to adversely affect MPC's rate structure and concludes that both MPC's and RPC's motions should be denied (HRC Reply, pp. 8-9).

Interruptibility: Commission Analysis and Decision

In the following, the Commission analyzes RPC's Motion to Reconsider the decision to limit interruptible class revenues to the system average change and to cancel the EIRI tariff, as well as its decision on the number of annual interruptible hours for RPC. The Commission will discuss the status of service to RPC as related to the value of retention and interruptibility.

Reconciliation and Cancellation of the EIRI Tariff.

Limiting the interruptible class revenues and cancellation of the EIRI tariff are related issues. MPC, MCC, and HRC have persuaded the Commission that limiting the revenues of the Interruptible Industrial class to the system average change would adversely affect MPC's rate structure. For instance, based on the Commission's decision to continue to cap class revenue increases to the system average plus 10 percent (see below) and holding the Interruptible Industrial class revenues at the system average results in spreading about $934,000 across all classes but the Substation, Interruptible, and Irrigation. Each remaining class's revenues would increase by about 0.3 percent (see Table 1).

Further, assuming the tariffed rates for the Interruptible class were to change with the system average increase, as stated in the current EIRI tariff, RPC would face an energy base rate price of about $.023366/kWh (MPC's October 28, 1991, development of the uniform percentage increase in class revenues, Compliance Work Papers, p. 1/8). Based on the II-1 RD approved in Order No. 5484n, FOF 521, which includes a cost-based energy rate, and MPC's Compliance Filing to Order No. 5484r (Revised February 13, 1992), the Commission finds that RPC would be paying about $.004859/kWh below cost (assuming an illustrative II-1 energy price of $.028225/kWh). The Commission recognizes the importance of pricing energy at a level that at least covers marginal cost. Failure to do so would result in an uneconomic allocation of scarce resources and levels of consumption. Thus, the Commission denies RPC's motion to limit the interruptible class revenues to the system average increase.

The Commission also denies RPC's motion to reconsider cancellation of the EIRI tariff, based on failure to show positive benefits of the EIRI rate and whether the EIRI rates would cover the cost of MPC's thermal generation discussed as follows.

The Commission finds that no analysis similar to that performed in Docket No. 87.4.21 to show the positive benefits associated with the EIRI rate was submitted in this case. Thus, no evidence is available for the Commission to examine the merits of continuing the EIRI rates in terms of the benefits determined in Docket No. 87.4.21. The Commission determines that MPC's argument on this subject is correct.

Additionally, the EIRI RD was initially established, in part, to "produce sufficient revenues to always cover the running cost of MPC's available thermal generation and to contribute toward recovery of the fixed costs of MPC's system" (Exh. No. MPC-12, p. 10, Docket No. 85.9.40). Since evidence was not submitted in this case showing that these conditions would be met, the Commission finds it impossible to examine the merits of continuing the EIRI tariff.

The Commission finds insufficient evidence in this case to determine RPC's competitive disadvantage under the II-1 prices proposed by MPC. RPC's singular statement in response to a data request that it would not be competitive with a price greater than 21 mills does not constitute evidence. RPC was given the opportunity to provide documents supporting its contention with regard to the 21 mill price, but claimed such documents were irrelevant to the issues in this proceeding (RPC RDR MPC-174). RPC proposed that the Commission direct RPC and MPC to review the EIRI and II-1 rates. RPC and MPC are welcome to submit joint proposals regarding future service to RPC by MPC. However, the Commission does not adopt RPC's recommended findings of fact in this docket. In addition to issues identified by RPC, the Commission finds merit in the following topics to be included in any joint examination between RPC, MPC, and any other interested parties. These issues should be addressed in MPC's next COS/rate design filing, if not submitted to the Commission sooner.

First, in addition to analyzing the value of interruptibility in the context of MPC's proposed capacity and performance incentive credit, the Commission requests an examination of the value of interruptibility in the context of the opportunity cost of those interruptible resources.

Second, the parties should address the merits of a retention factor in the rate applicable to service to RPC. Although the II-1 rate does not include a retention feature, there may be merit in altering this rate or designing a new rate which does feature a retention factor. However, the Commission has some concerns regarding a retention factor. For example, even though the Commission found the analysis presented on the costs and benefits of the EIRI tariff to be reasonable in Docket No. 87.4.21 (i.e., a comparison of the cost of retention and Stauffer's fixed cost contributions), the Commission found the analysis lacking. The Commission intends to keep viable the concerns regarding the analysis presented in Order No. 5340c, FOF 94-98 in its consideration of any forthcoming analysis of the values of retention and interruption.

If possible, the Commission would consider granting RPC the full value of its interruptible load. However, it is obvious that RPC's cost of energy will rise as the buffering impact of the approximately 25.43 percent (system average increase in this Docket and Docket No. 91.6.24 plus 10 percent) ceiling may be removed in future cases. The Commission is not interested in a retention rate that may give a false, lower price signal, placing other customers in the position to absorb the balance of RPC's contribution to fixed costs. Thus, the Commission suggests that RPC and MPC explore alternative contractual arrangements. For example, a new retention arrangement could commit MPC to a lower rate when RPC's product prices are low and higher prices when product prices are high, building on the experience of the Bonneville Power Administration's Variable Industrial Power Rate in which the energy price is tied to the cyclical market price of aluminum. For the Commission to approve a long-term arrangement, however, the industrial customer would be expected to examine the possibilities and benefits of substantially improving its production process efficiency with reinvestment. Such may be accomplished through resource acquisitions. Further, RPC's level of production could be at current or expanded levels. Conservation and modernization of RPC's operations should be included in the analysis and valuation of RPC's interruptible load and the value of retaining RPC's load in any future proposal. Approval of future interruptible and retention rates may rightly require conservation and modernization efforts. The Commission would be willing to consider a conservation and modernization power acquisition proposal.

The Commission is concerned with RPC continuing to be a long-term customer of MPC's, primarily with RPC's requirements to remain on the MPC system and MPC's possible constraints to keep

RPC as a long-term, viable customer.

Interruptible hours. The Commission grants RPC's motion to limit the annual interruptible hours applicable to RPC to 800, based on the following analysis. First, MPC proposed the number of interruptible hours for service to RPC be increased based on communication between RPC and MPC (MPC RDR PSC-509). MPC witness Patrick Corcoran revised his rebuttal testimony (Exh. No. MPC-44, p. 10) to state that RPC was capable of interrupting 1,200 hours per year, rather than stating that RPC wished to increase its interruptible hours (TR 1084). RPC maintained that it could increase interruptions to 1,200 hours (RPC RDR MPC-173). However, the MPC/RPC Contract provides for 800 hours of interruption (MPC RDR MCC-240), and MPC maintains that hours of interruptibility for a customer are determined contractually (MPC RDR PSC-214). Thus, the Commission finds that, while RPC may be able to withstand 1,200 hours of annual interruptions, RPC appears to resist such a change. Moreover, the number of interruptible hours appears to be an agreement between MPC and its customers, and apparently RPC and MPC have not revised their contract to 1,200 hours.

Second, MPC modeled RPC as a resource available for about 800 hours of interruptibility in its loads and resources (L&R) forecast used in the July 1990 avoided cost computations for the fiscal years of 1990/91 through 1995/96 (MPC RDR PSC-25, Docket No. 90.8.51). In the attachment to this data response, MPC appears to have included two interruptible loads in its analysis. The load rated at 64 MW appears to be the RPC interruptible load. (Compare Id. and MPC RDR PSC-521, Attachment, p. 45.) The hours of RPC interruptions appear to decrease between 1996/97 and 2000/01. The Commission finds that marginal generation costs should reflect interruptible capabilities to the extent the cost of such capabilities are not overridden by opportunity sales and purchases. MPC does not appear to include 1,200 hours of interruption in its L&R forecast underlying the Commission's approved marginal generation costs in this case. Therefore, the Commission determines it reasonable to limit MPC's interruptible capabilities of RPC to 800 hours.

The balance of this part summarizes the Commission's reexamination of moderating class revenue requirements.

Reconciliation: Commission Analysis and Decision

In this section the Commission will reexamine its initial reconciliation decisions. At the outset, the Commission reasserts its decision to reconcile total class marginal costs with the approved revenue requirement, as amended in Order No. 5484m and the final base rate revenue increase set forth in Order No. 5561b, Docket No. 91.6.24, using an equal percentage method as indicated in Order No. 5484n, FOF 293. MPC is directed to use the total class marginal costs developed in its Allocated Cost of Service Compliance Workpapers, Revised February 12, 1992, for this step. The Commission also continues to find merit in MPC's method of computing the interruptible credit for its Industrial Interruptible class (II-1 tariff) that MPC proposed in its rebuttal testimony (Exh. No. MPC-47, TEW-21. See also Order No. 5484n, FOF 295). However, as indicated above, MPC must use 800 hours of annual (12 consecutive months) interruptibility for RPC in this computation. MPC must, therefore, resubmit those COS and reconciliation work papers affected by these decisions.

Moderation. The Commission reaffirms the revenue cap it used to moderate class revenues in Order No. 5484n (see Order No. 5484n, FOF 296-301). Additionally, the Commission reaffirms its use of a cap which is 10 percent above the system average percentage change in revenues that results from this case. The Commission directs MPC to include the increase in base rate revenues resulting from Order No. 5561b in Docket No. 91.6.24 as part of this computation.

The Commission recognizes that the increase to the annual jurisdictional revenues it approved in this case results in large impacts to several classes. Based on illustrative class revenues listed in Table 1, the Substation, Interruptible Industrial, and Irrigation classes would be subject to the cap, or an increase of about 25.43% over pre-interim base rate revenues. Absent the cap, each of these classes would receive revenue increases of about 35, 43, and 35 percent, respectively. Since the inception of this case, there have been three changes in class base rate revenues. First, Interim Order No. 5484b granted MPC an equal percentage increase in class base rate revenues of about 11 percent. Next, in Order No. 5484o the Commission stayed Order No. 5484n and granted MPC a uniform percentage increase in rates reflecting the change in base rate revenues in this case to allow it the opportunity to earn its revenue requirement as amended in Order No. 5484m and Order No. 5561b (Docket No. 91.6.24). Finally, in this Order the Commission grants MCC's motion to stay Order Nos. 5484n and 5484r, leaving the class revenues and rates as a result of Order No. 5484o in place through October 1992. In addition to these rate changes there have been changes associated with the Rate Moderation Plan pursuant to Order No. 5113b, Docket No. 84.11.74 and several one-time amortizations as listed In Order No. 5566 and 5566a, Docket No. 91.8.31. Given these rate changes, the interclass equal percentage revenues resulting from the Commission's reconsideration of class COS in Order No. 5484r, and the stay of Order Nos. 5484n, 5484r, and this Order, the Commission finds that class revenues should change in accordance with the decisions set forth above.

The rates approved in this order, to be effective as of November 1, 1992, will provide rate payers some degree of predictability. As a result of the decisions in this case and the Rate Moderation Plan, those classes whose revenues will rise on November 1, 1992, will be able to consider and possibly construct demand side management systems, while knowing with some degree of certainty the levels of prices they will face on November 1, 1992. Table 1 summarizes illustrative class revenues resulting from the Commission's reconciliation and moderation decisions.

Table 1.
Pre-Interim and Reconsidered Class Revenues
($ 000)

Customer Class	Pre-Interim Base Rate Revenues	Moderated Base Rate Revenues	Percentage Change
Residential (Includes Employee)	$ 91,406	$ 99,085	8.40%

General Service - 1			
Secondary	81,260	93,428	14.97%
Primary	13,016	15,984	22.80%
General Service - 2			
Substation	59,016	74,486	25.43%
Transmission	3,324	3,946	18.72%
Interruptible	9,343	11,720	25.43%
Irrigation	3,405	4,271	25.43%
Street Lighting	4,663	4,302	-7.75%
Post-Top Lighting	528	624	18.21%
Yard Lighting	2,570	5,554	-.62%
Total	268,897	310,400	15.43

Sources: Pre-Interim Base Rate Revenues: Exh. No. MPC-44, PRC-4. Total moderated base rate revenues include those revenues associated with Docket No. 90.6.39 and 91.6.24. All revenues on this Table exclude the Psc Tax.

Part II
RATE DESIGN

MPC requested reconsideration on seven RD issues in its motion for reconsideration, including the issue addressed in the order on COS motions. RPC also filed a motion regarding the II-1 energy price. HRC replied to MPC's and RPC's RD motions. All of these motions and replies are addressed below. Additionally, the Commission will describe the impacts its COS decisions and its stay will have on those rate designs not reconsidered in this Order.

In the balance of this Order, the commission will first address MPC's motion on the Commission's illustrative rates. Second, the Commission will describe the impacts its COS and stay decisions have on the Residential RD and MPC's motions on the low income energy assistance program RD. Third, the Commission will summarize the unit marginal costs resulting from its COS decisions, which will serve as the basis for the General Service (GS) and Irrigation RDs that MPC is directed to compute. Fourth, the Commission will address MPC's three concerns regarding GS pricing. The discussion concludes with a summary of the COS and stay impacts on Irrigation rates, the marginal cost basis for the generic interruptibility credits, the impact the COS and stay decisions have on Lighting, the error in MPC's current Lighting tariff, the Commission's reconsideration of the standby rate for qualifying facilities (QFs), and MPC's and RPC's motion regarding the II-1 rate.

Illustrative Rate Designs

MPC questioned the method the Commission used to design rates in general in its Final Order. Specifically, MPC maintains it was ordered to compute base rates first and then apply the Rate Moderation Plan (RMP) piece and any other amortized revenues (MPC Motion, p. 11). MPC claims that the Commission based its decisions on misleading illustrative prices computed on the basis of total estimated November 1, 1991, revenues. Uncertain about the level of prices after the effects of the RMP and amortization were included in prices, MPC requests that the Commission review its compliance filing pursuant to Order No. 5484n and consider the appropriateness of its rate designs.

The Commission's decision to stay the implementation of prices out of this Order and Order Nos. 5484n and 5484r through October 31, 1992, has a bearing on these concerns. The Commission recognizes that the RMP adjustment and the one-time amortizations listed in Order Nos. 5566 and 5566a will terminate on August 28, 1992. Thus, it is no longer necessary to design rates for the revenues external to this Docket and Docket No. 91.6.24. Although the Commission will design rates to reflect class base rate revenues, as set forth above, the Commission will set rates relative to the prices effective during the year ending November 1, 1992. The Commission finds this reasonable to account for billing impacts and consistency and understandability in rates.

The Commission will summarize the impacts its COS decisions and decision to stay this Order have on rates not subject to reconsideration. Those classes with RDs affected separately from RD reconsideration in this Order include Residential, Irrigation, and Lighting. The RDs for these classes will be summarized in terms of the methods used by the Commission to convert the prices initially computed to collect the

Commission's estimated November 1, 1991, class revenues to each class's RD respective base rate level. MPC must follow the methods used to compute rates for each of these classes and provide the results in its compliance filing pursuant to this Order.

The balance of this part addresses the RD motions and the Commission's reexamination of class rate designs. MPC must compute rates for each of the class RDs reconsidered below according to the methods adopted by the Commission and file complete and detailed work papers reflecting these decisions to all intervenors of the Docket no later than 14 days after the service date of this order. The Commission's unit marginal costs are based on MPC's compliance filing pursuant to Order No. 5484r, as are the subsequent rate designs. Further, the Commission's unit marginal costs and rate designs are illustrative of those MPC must compute pursuant to this Order.

Residential Rate Design. The Commission did not receive any motions for reconsideration of its Residential RD. However, the Commission finds it appropriate to describe the Residential prices in base rate terms that result from the COS decisions and reconciliation and moderation of class revenue requirements. The Commission will use a method similar to that used in Order No. 5484n (FOFs 470-473).

First, each of the prices listed in Order No 5484n, FOF 471 and 473 are reduced to the base rate level estimated for that Order using the reduction factor of about 8.94% listed in FOF 472. Thus, the winter tail block price and monthly customer charge should be reduced from $.070007/kWh and $3.60/mo. to about .064262/kWh and $3.30/mo., respectively. MPC must compute the monthly customer charge to the nearest nickel. Next, the revenues associated with each of these prices should be computed using the billing determinants provided by MPC in its February 12, 1992, revision to its COS compliance filing. Those revenues not collected in the above prices should then be spread over the winter initial block and summer flat rate billing determinants to compute the price for these blocks. The Commission estimates this price to be about $.047854/kWh.

The ratio of the winter tail-block price to the summer flat price for consumption greater than 600 kWh resulting from Order No. 5484n was about 1.32. However, based on the prices resulting from the Commission's COS decisions in Order No. 5484r and on reconciliation and moderation above, the winter tail block and summer price ratio is about 1.34. There are several reasons for this increase. First, the winter season was reduced from five to four months. Thus, the winter tail block rate collects less revenues over a four-month period than over a five-month season. Also, the Commission COS decisions in Order No. 5484r resulted in a reallocation of costs to seasons and classes, thereby affecting the total revenue requirement for this class, as did the decision to use a 25.43% cap on class revenues. Relative to currently tariffed rates (those in effect as of the service date of this Order), the Commission estimates the foregoing RD would result in about a 16% reduction in annual average customer bills (732 kWh/mo.), a 23% reduction in average winter bills (890 kWh/mo.) and a 3% increase in average summer bills (650 kWh/mo.). Relative to rates tariffed prior to the Interim Order in this case, the Commission estimates the above RD would result in about a 6% increase in annual average customer bills, a 4% reduction in average winter bills, and a 29% increase in average summer bills. Individual customer billing impacts may vary depending on their consumption.

Low-Income Energy Assistance Program. MPC objects to the Commission's FOF 476 in Order 5484n which directs MPC to take affirmative action to maximize LIEAP participation and to develop and implement an outreach program for that purpose. MPC asserts it may not have the resources necessary for such an effort. HRC, in its reply to motions for reconsideration, supports MPC by stating the SRS and the human resource councils, including District XI, are in a better position to design and implement an outreach program. MPC states that it is willing to cooperate with, and provide support to, SRS and HRC. HRC envisions thatsuch cooperation and support could mean that MPC partially funds outreach efforts.

Upon reconsideration, the Commission finds that MPC shall cooperate with and support the efforts of SRS, HRC and others to maximize LIEAP participation. This support may involve financial funding of outreach efforts, counseling services and/or research assistance. Justifiable support expenses shall be recoverable in rates.

In its motion, MPC appears to contend that the Commission has, in its final order 5484n, incorrectly interpreted the proposed method for implementing the low-income discount. HRC's reply to motions for reconsideration supports MPC's contention. The Commission disagrees that it has misinterpreted the proposed implementation method (see the stipulation of parties as to residential and low-income RD and Exh. MPC 44 p. PRC-15). However, the Commission, upon reconsideration, grants MPC's motion. The low-income discount will be implemented through a single discount to the customer's total bill.

Illustrative Unit Marginal Costs

In FOFs 464, 466 and 467, Order No. 5484n, the Commission directed the computation of unit marginal costs. The following describes the unit marginal costs MPC is directed to use as a basis for computing General Service, Irrigation, and Interruptible Industrial (II-1) rates.

In this Order the Commission used MPC's compliance filing pursuant to Order No. 5484r as revised on February 12,1992. For clarification, the Commission computed unit generation energy costs from the February 12th revision using the method described by MPC at the hearing (TR 1042-1043). MPC is directed to use the same method to compute unit marginal energy costs in its rate designs. The Commission computed unit marginal capacity costs for the GS and Irrigation classes using MPC's method as described in Finding No. 467, Order No. 5484n. Except for the Irrigation and Industrial Interruptible class, the Commission used monthly customer costs provided in MPC's initial compliance filing pursuant to Order No. 5484n. The Commission used annual customer costs as a basis for the Irrigation class's seasonal service charges from the same compliance filing. As with the rate designs the Commission presents in this Order, unit marginal costs are illustrative estimates of the costs MPC must use in its computations of class rates. Table 2 summarizes the unit marginal costs the Commission used to design and/or recompute the GS, Irrigation and II-1 rates listed in this Order.

Table 2
The Commission's Illustrative Unit Marginal Costs
For General Service, Irrigation and II-1 Rates

Energy
$/kWh

Class	Winter	Summer
Secondary	.035226	.026586
Primary	.034267	.025627
Substation	.033975	.025335
Transmission	.033685	.025045

Capacity
$/kW

Class	Winter	Summer
Secondary	6.363702	3.808252
Primary	7.871236	4.510432
Substation	10.093346	4.852364
Transmission	7.645036	2.948833

Sources:
Marginal Energy Costs: MPC's Compliance Work Papers Pursuant to Order No. 5484r, Revised February 12, 1992, pp. 4-9 of 108.
Marginal Capacity Costs: MPC's Compliance Work Papers Pursuant to Order No. 5484r, Revised February 12, 1992, pp. 4-7 of 11.

Billing determinants. Except for the Interruptible Industrial (II-1) class, the Commission used billing determinants provided by MPC in its February 12, 1992, compliance filing (pp. 1-11 of 11) pursuant to Order No 5484r to compute its rate designs in this Order. The Commission used Billing determinants from Exh. No. MPC-47, TEW 21 to compute the energy prices for the II-1 class. MPC is directed to do the same.

General Service (GS)

Three of MPC's RD motions relate to GS pricing. These motions include 1) MPC's proposed cost-benefit analysis on demandmeter placement; 2) the demand and energy price relationship and the impacts these prices have on high and low load factor GS customers; and 3) a concern of the cost-based rate relationship between the transmission and substation classes. Each of these issues are addressed below.

Demand Meter Placement Analysis. In this case MPC proposed a cost-benefit analysis to support its proposal to meter GS customers if their monthly energy consumption exceeded 2,500 kWh in each of 12 consecutive months, or if maximum demand or consumption exceeded 10 kW or 2,500 kWh, respectively (Exh. No. MPC-46, pp. 15-17). In this analysis MPC compared "the cost of a demand meter to the additional demand related revenue obtained from demand metering" (Id., p. 16). In Order No. 5484n the Commission found MPC's analysis inconclusive to make a decision on demand metering. MPC claims this issue has been a subject of Commission inquiry in several dockets and believes the information it has submitted in this case is adequate. MPC requests a determination that the analysis and proposal it has submitted be considered sufficient and lay the issue to rest (MPC Motion p. 17).

Commission Decision. The Commission denies MPC's motion to make a final determination on demand meter placement. While the Commission recognizes this issue was uncontested in this case, for the following reasons it continues to find MPC's analysis inconclusive.

First, the Commission finds MPC's analysis results in an inconsistent comparison. (See also Finding No. 481, Order No. 5484n.) In comparing the marginal revenues associated with measuring demand with the cost of a demand meter, MPC fails to account for the difference in customer costs and service charge revenues associated with providing demand-metered service. In MPC's analysis the difference between demand costs collected through the demand metered rate and the non-demand metered rate should cover the cost of a demand meter. However, MPC's own COS study in this case treated customer and demand metering costs separately from demand (capacity) costs. Thus, a comparison of marginal demand revenues with demand metering costs results in an inconsistent comparison.

Second, aside from the problems cited in the Final Order on MPC's use of the energy consumption strata in its analysis, the Commission questions why MPC does not seek to determine the level of consumption and demand at which the costs equal or exceed the benefits of measuring and billing for demand. To extend the Commission's concerns in Order No. 5484n (FOF 481), the Commission suggests that it may be more appropriate to determine the break-even point at which benefits equal or exceed the costs, rather than examine various sales strata.

GS-1 and GS-2 Rate Designs. MPC identified two issues for reconsideration regarding GS pricing involving the disparate billing impacts between low and high load factor customers and the price/cost relationship between the Substation and Transmission classes.

First, MPC requested reconsideration of its energy and capacity rate designs for each of the GS-1 and GS-2 classes. MPC claims that the Commission's use of energy as its primary RD priority has resulted in sacrificing Bonbright's principles of encouraging conservation, efficiency and equity. While MPC reiterates its need for peaking resources, it notes that even if the energy price signal has priority, the need to conserve peak resources should not be ignored. Thus, MPC argues the Commission should recognize the need to balance energy and demand prices (the energy/demand rate tilt), as MPC has done historically, to encourage high load factor energy usage. According to MPC, the Commission's ordered prices will result in an incentive for low load factor usage and will penalize high load factor usage. MPC lists percentage changes in Secondary, Primary, and Substation demand-metered classes which generally show greater billing impacts for high load factor customers and smaller increases or decreases for low load factor customers (MPC Motion, pp. 13-14).

HRC argues that the Commission should reaffirm its RD methods, maintaining that the Commission's emphasis on energy is consistent with Bonbright's principles as listed by MPC. Reiterating its position that the Pacific Northwest is energy constrained and noting the Commission's recognition of MPC's participation in the Northwest power market, HRC contends rates must encourage energy conservation. HRC argues that efficient rates would reduce the possibility of additional base-load plants, and equitable rates would impose new resource costs on

cost causers. HRC refutes MPC's claim that the Commission's rate designs will encourage low load factor energy usage. HRC argues that the Commission's ordered rates will discourage energy usage more than peak usage and will discourage both high and low load factor customers' energy usage (HRC Reply, pp. 6-7.)
Second, MPC argues that the Commission's Transmission and Substation rate designs would result in Substation customers paying lower unit prices than Transmission customers, thereby violating the principle of cost-based rates. Without disputing that the costs between the substation and transmission classes differ, MPC asserts that because of the Commission's decision to cap Substation class revenues, Transmission rates exceed Substation rates. As an alternative to the Commission's GS-2 rate designs, MPC suggests using an interclass rate discount such as that proposed by LCG (MPC Motion, pp. 12-13).

Commission Decision. The Commission finds merit in both MPC's motions and HRC's reply regarding the energy/demand rate tilt issue. Thus, the Commission will seek to balance these concerns in its reexamination of the GS rate designs. The Commission also finds merit in maintaining a consistent method for establishing GS prices and, therefore, will consider all GS class proposed pricing in this case under each method examined.
The Commission finds merit in both MPC's motion and HRC's reply regarding the energy/demand rate tilt. The Commission recognizes that placing greater emphasis on reflecting energy versus demand costs in prices will result in a greater likelihood of efficient pricing. Energy costs are those least likely to vary between COS and RD. The Commission finds it reasonable, as in the Final Order, to use unit marginal energy costs directly from the COS compliance work papers. In addition to placing its highest priority on energy costs in RD (Order No. 5484n, FOF 454-460), the Commission finds that pricing energy as close to its costs as possible results in efficient prices and optimal allocation of scarce resources. Thus, the Commission will continue to price energy as close as possible to its unit marginal cost.

The Commission also finds merit in balancing the billing impacts of high and low load factor customers within a class, but recognizes that each of MPC's proposed GS classes are composed of a mixture of high and low load factor customers. Thus, the rate designs for each class may reflect some averaging. The Commission will attempt to balance the billing impacts at or near the total class revenue change for low and high load factor customers within each class, while emphasizing energy as its highest RD priority. The Commission recognizes the merit in mitigating billing impacts to high load factor customers to about the class average change in revenues. Billing impacts below this level may adversely affect any conservation incentives to these customers. The Commission also recognizes that billing impacts to low load factor customers below the class revenue requirement change could work counter to attempts to encourage higher load factor patterns of consumption.

The Commission finds merit in MPC's concern regarding Substation and Transmission prices. Therefore, the Commission will include in its deliberations on GS rate designs one option in which GS-1 and GS-2 rate designs implement a discount based on LCG's proposal.

On reconsideration, the Commission has primarily focused its attention on two RD methods for general service (GS) classes. The first method consists of a revision to the method the Commission used for GS pricing in Final Order No. 5484n. The second method consists of applying a discount for service to the upstream class within each of the GS-1 and GS-2 classes, generally following the discount LCG proposed for the GS-2 class and the Commission's revision to the method it used in Order No. 5484n. Both methods, with resulting illustrative prices, are addressed as follows.

GS Pricing: Revised Final Order Method. The Commission finds it reasonable to reconsider the method used in its Final Order to compute rates for the GS classes. In Order No. 5484n, the Commission computed GS-1 and GS-2 prices in two phases. Aside from its methods to determine service charges, the Commission first set seasonal energy and demand prices at their full unit marginal costs. Estimated November 1, 1991, class revenues were then attained by adjusting seasonal demand prices by the amount resulting from dividing residual revenues (positiveor negative) by total class billing demand (see, e.g., FOF 487, 488, 493, and 495, Order No. 5484n). The Commission finds that this method results in distorting the seasonal ratio associated with capacity costs. Hence, in this Order the Commission sets energy and demand prices equal to their unit marginal costs, as presented in Table 2. Demand prices are then adjusted to attain class revenues, based on the ratio of revenues generated by demand prices (set equal to unit marginal costs) to class revenues, less revenues generated from service charges and energy prices. The Commission finds that this method will preserve the seasonal capacity cost differences underlying these prices. Energy prices for non-demand metered Secondary and Primary classes are computed using the same method adopted in Order No. 5484n. Table 3 summarize the GS-1 and GS-2 prices resulting from this method and the class revenue requirements listed in Table 1.

Table 3
The Commission's Illustrative` GS-1 and GS-2 Prices
Revised From Order No. 5484n

Demand Metered

	Demand		Energy		Customer
	Winter $/kW	Summer $/kW	Winter $/kWh	Summer $/kWh	$/Mo.
A. Secondary	$7.350539	$4.398808	$.035226	$.026586	$5.00
B. Primary	$9.336138	$5.349861	$.034267	$.025627	$16.50
C. Substation	$8.238664	$3.960728	$.033975	$.025335	$22.41
D. Transmission	$9.186764	$3.543506	$.033685	$.025045	$26.82

Non-Demand Metered

	Energy		Customer
	Winter $/kWh	Summer $/kWh	$/mo.
A. Secondary	$.069198	$.046916	$5.00
B. Primary	$.077416	$.081308	$5.00

The Commission will continue to use the methods to compute service charges in the Final Order for each of the GS classes. However, the Commission bases its costs in this Order on MPC's compliance filing made pursuant to Order No. 5484n.

The Commission estimates that the prices listed in Table 3 will result in the following annual average billing impacts. Relative to the base rates in place prior to the interim order in this case, the billing impacts for each of the Secondary, Primary, Substation, and Transmission demand metered customers are about 12%, 22%, 24%, and 22%, respectively. The billing impacts for these classes relative to currently tariffed prices are about -11%, -3%, -2%, and -3%, respectively. The billing impact for Substation level electric contract customers is about 25% relative to pre-interim base rates and about -1% relative to currently tariffed prices. For non-demand metered Secondary customers, the billing impact is about 14% compared to pre-interim base rates and -10% compared with currently tariffed prices. These billing impacts are computed using the models developed by MPC in Exh. Nos. MPC 47, TEW 16-19. The Commission recognizes that billing impacts to individual customers may differ depending on their individual consumption. The billing impacts resulting from the prices in Table 3 for varying usage and load factors are summarized in Table 6, below.

GS Pricing: Amended LCG Discount Approach. The Second RD considered addresses MPC's suggestion to meld the Transmission and Substation (GS-2) classes into a single class and to compute a discount for service to the upstream voltage level (Transmission) using a method similar to that proposed by LCG (see e.g., Exh. No. LCG-6, JWM-6 and 7). Although the Commission finds merit in a discounting approach similar to LCG's, the Commission revises LCG's method to place higher priority on energy prices. The Commission also revises LCG's method to compute seasonal discounts (LCG computed energy and demand price discounts based on weighted average demand and energy costs). The Commission also finds it reasonable toconsider a similar arrangement for the Secondary and Primary classes (GS-1), both to maintain consistency in the methods used and in the cost/price relationship within the GS-1 class. The Commission computed the rates for each of these classes as follows.

First, similar to LCG's method, the Commission computes a discount based on the non-allocated unit marginal costs contained in MPC's compliance filing to Order No. 5484r, as revised February 12, 1992 (i.e., those costs MPC computed per the Commission's decisions absent allocations to classes and re-unitization based on billing demand and usage). Although the demand costs used in this RD method to compute the discounts differ from the demand costs summarized in Table 2, the Commission prefers to use these costs, since unit marginal costs computed using billing demand dilute the true cost differences between voltage levels. For instance, the non-allocated winter unit marginal capacity costs amount to $67.70/kw and $63.61/kw for the Secondary and Primary classes, respectively, and reflect a 1.0642 Secondary to Primary ratio. However, once allocated to classes and converted to unit marginal costs using billing demand, these unit marginal costs become $6.36 and $7.87, respectively, reflecting a .808 ratio. Thus, the billing demand based allocated costs distort the cost differential between service at these levels.

Table 4 summarizes the costs and discounts used for each of the GS-1 (Secondary and Primary) and GS-2 (Substation and Transmission) price discounts. The discounts computed in this table equals 1 minus the ratio of the up-stream costs to the down-stream costs. For instance, the discount used to compute the Primary class, winter demand price equals 1-(63.61/67.70).

Table 4
The Commission's Illustrative Unit Marginal Costs
Used To Compute Price Discounts Within the GS-1 and GS-2 Classes

Energy
$/kWh

Class	Winter	Discount Rate	Summer	Discount Rate
Secondary	.035226		.026586	
Primary	.0342670.	85%	.025627	1.15%
Substation	.033975		.025335	
Transmission	.0336852	.72%	.025045	3.61%

Capacity
$/kW

Class	Winter	Discount Rate	Summer	Discount Rate
Secondary	67.70		58.36	

Primary	63.61	6.04%	54.27	7.01%
Substation	62.38		53.04	
Transmission	53.42	14.36%	44.08	16.89%

Sources:
Marginal Costs: MPC's Compliance Work Papers Pursuant to Order No. 5484r, Revised February 12, 1992, pp. 4-9 of 108.

The next step involves computing the rate designs for each class. Using the GS-1 Secondary and Primary class as an example, the Commission will describe how it computed prices for these classes. This same method will be used to compute rates for the Substation and Transmission classes.

The Commission computes energy and demand prices with the revised method used to compute GS rates. The Commission uses the Secondary class as the base to compute prices for each of the Secondary and Primary classes. Seasonal energy and demand prices are set at their full unit marginal cost as summarized in Table 2. Revenues for each rate element are computed using the combined billing determinants for each of the Secondary and Primary classes. Next, the discount values for each rate element are computed based on the discounts summarized in Table 4. These discounts are multiplied by the kWhs and kWs billing determinants for the Primary class and the results subtracted from the revenues generated, using full unit marginal cost prices and combined class billing determinants. As in the Commission's revised method, the Commission captures the combined class revenues through demand prices. The demand prices are recomputed for the Secondary class by applying the ratio of the combined class revenues, less revenues generated from the combined service charges and energy prices, to revenues generated from demand prices based on the initially computed prices. The discount values for the Primary class are recomputed based on the revised Secondary class demand prices using the discounts summarized in Table 4. The Commission sets the service charge at the same levels for each of the Secondary, Primary, Substation, and Transmission classes in the same way it did in the Final Order. The GS-1 and GS-2 prices resulting from this methodology are summarized in Table 5.

Table 5
The Commission's Illustrative GS-1 and GS-2 Prices
Based on The Discounts In Table 4

Demand Metered

	Demand		Energy		Customer
	Winter $/kW	Summer $/kW	Winter $/kWh	Summer $/kWh	$/Mo.
A. Secondary	$7.602820	$4.549780	$.035226	$.026586	$5.00
B. Primary	$7.143610	$4.230840	$.034267	$.025627	$16.50
C. Substation	$8.329972	$4.004624	$.033975	$.025335	$22.41
D. Transmission	$7.134804	$3.328243	$.033685	$.025045	$26.82

Non-Demand Metered

	Energy		Customer
	Winter $/kWh	Summer $/kWh	$/mo.
A. Secondary	$.070364	$.047614	$5.00
B. Primary	$.067282	$.045181	$5.00

The Commission estimates the prices listed in Table 5 will result in the following annual average billing impacts. Relative to the base rates in place prior to the interim order in this case, the billing impacts for each of the Secondary, Primary, Substation, and Transmission demand metered customers are about 14%, 13%, 24%, and 15%, respectively. The billing impacts for these classes relative to currently tariffed prices are about -9%, -10%, -2%, and -9%, respectively. The billing impact for Substation level electric contract customers is about25% relative to pre-interim base rates and about -2% relative to currently tariffed prices. Also, the billing impact for non-demand metered Secondary customers is about 15% compared to pre-interim base rates and -9% compared with currently tariffed prices. These billing impacts are computed using the model developed by MPC in Exh. Nos. MPC 47, TEW 16-19. The Commission recognizes billing impacts for individual customers may differ depending on their individual consumption. The billing impacts resulting from the prices in Table 5 for varying load factors are summarized in Table 6, following.

The results from the above summarized method produce energy and demand prices reflective of the cost differences between classes within each of the GS-1 and GS-2 general classes. However, these results do not come without consequences. For instance, while the seasonal energy prices at each level equal their costs, the Primary, Substation, and Transmission winter demand prices fall below their unit marginal costs, as do the Primary and Substation class summer demand prices. The disparity in the Substation class demand prices and costs appears to be the result of setting this class's annual revenue requirement below its total marginal cost. The same disparity exists between the demand prices and costs resulting from the Commission's revised Order No. 5484n method. By combining the GS-1 and GS-2 classes and basing the downstream class's energy and demand prices on a discount results in shifting revenue responsibilities between classes. Although the GS-1 and GS-2 combined class rates arecomputed to recover each class's total revenue requirement, the Commission's discount method results in shifting about $1.2 million in revenue responsibility from the Secondary to the Primary class and about $200,000 from the Substation to the Transmission class.

Billing Impact Analysis. The Commission compared the billing impacts resulting from these two rate design methods in relation to the prices currently tariffed to determine which method would produce results approximating the criteria in FOF 82. Based on summary billing impacts for low load factor low-usage and high load factor high-usage customers for each of the above two summarized RDs (see Table 6), the Commission adopts the GS prices resulting from its modifications to the LCG rate discount approach. The Commission opts for the revised LCG approach in order to balance the concerns for prices that promote high load factor consumption and reflect the cost differential between voltage levels in energy and demand prices.

While the Commission finds its decision in this matter reasonable, the problems associated with GS cost/price relationships need further attention. Thus, the Commission directs MPC to address certain problems with the GS RDs, and attempt to balance the interclass cost/price relationships, explaining all occasions in which GS prices do not reflect interclass cost relationships (e.g., COS allocations and how the use of billing demand to unitize marginal costs may distort interclass capacity costs). MPC should also develop possiblesolutions to pricing service to low and high load factor customers which are economically efficient and are equitable.

Table 6
Comparison of Billing Impacts:
The Commission's Revised Order No. 5484n Prices and
The Commission's GS Prices Based on Intraclass Discounts 1/
(Illustrative)

A. Commission's Revised Order 5484n Method

	GS-1 Class				GS-2 Class			
	Secondary Usage		Primary Usage		Substation Usage		Transmission Usage	
Load factor	Low	High	Low	High	Low	High	Low	High
Low	-18%		-2%		-7%		-7%	
High		-6%		-3%		-1%		-2%

B. Commission's Revised LCG Approach

	GS-1 Class				GS-2 Class			
	Secondary Usage		Primary Usage		Substation Usage		Transmission Usage	
Load factor	Low	High	Low	High	Low	High	Low	High
Low	-16%		-16%		-7%		-17%	
High		-5%		-9%		-2%		-5%

1/ This Comparison is made between the GS prices currently on tariff and those listed in Tables 3 and 5.

Off-Peak Demand Discount Rate. Table 7 lists the time-of-day, off-peak demand discount rates associated with the Commission's adopted demand prices for each of the Primary, Substation, and Transmission classes. These rates were developed using MPC's proposed methodology with the following adjustments (see Exh. No. MPC-46, TEW-22). In place of the marginal billingcapacity charges used by MPC, the Commission used the marginal billing capacity costs underlying its revision to LCG's approach.

Thus, winter and summer Primary and Transmission monthly costs are computed based on the unit marginal costs for each of the Secondary and Substation classes listed in Table 2. Additionally, the Commission's illustrative values are the results of subtracting the percentage differences between the off-peak and on-peak prices the Commission computed (Id., Step 5) from one.

Table 7.
The Commission's Illustrative Off-Peak Demand Discount Rates

Class	Winter	Summer
Primary	53%	54%
Substation	73%	73%
Transmission	84%	74%

These discount rates are reasonable for the purposes of this Docket. However, the Commission directs MPC to present testimony and analysis to further revise and fine tune these discount rates to accurately reflect costs in its next COS/RD filing. The price signal associated with these discounts should reduce uncertainties for customers considering these rates in their production processes. MPC must also notify its customers affected by these discounts and those considering these discounts that these magnitudes will be reevaluated in MPC's next electric COS/RD filing.

Irrigation

The following summarizes the results of the Commission's COS and reconciliation/moderation decisions on the Irrigation class RD adopted in Order No. 5484n. These rates are computed in terms of base rate revenues for this class. MPC is directed to file complete and detailed work papers developing these rates and accompanying tariffs.

Following the method set forth in Finding No. 503, Order No. 5484n, the Commission recomputed Irrigation prices in three phases. In the first phase, energy, demand, and customer prices were set as follows. The energy price was set equal to the summer marginal cost of energy at the secondary distribution voltage level ($.026586/kWh). Demand was set at the level stated in Finding No. 503, Order No. 5484n, but reduced by the factor stated in Finding No. 472, Order No. 5484n. Thus, demand was set at $5.144885 kW. Seasonal customer charges were set at their marginal cost as listed in Table 8, following. In the second phase, the Commission trued-up the difference in revenues resulting from the aforementioned prices with this class's revenues requirement (Table 2) by adjusting the energy price. Finally, the commission computed the energy price for service to non-demand metered customers using the method adopted for this class in Order No. 5484n. The results of the Commission's recomputed Irrigation prices are summarized in Table 8.

Table 8

The Commission's Illustrative Irrigation Class Prices

	Demand Metered			Non-demand Metered	
	Demand $/kW	Energy $/kWh	Customer $/Seas.	Energy $/kWh	Customer $/Seas.
Irrigation	$5.144885	$.027618	$86.64	$.045456	$36.36

The Commission reiterates its rationale for this rate design from Order No. 5484n. All of the Commission's rate designs in this case focus on marginal energy costs as the highest priority. The Commission balances this priority with a moderation of the impact of demand prices for demand metered customers on reconsideration. This rate design results in an energy price of about $.001032/kWh greater than its unit marginal energy costs. The Commission finds these results reasonable. The Commission estimates the foregoing Irrigation RD will result in an average class billing impact of 19% compared to the base rates in effect prior to the Interim Order in this case and a 6% reduction relative to the rates currently on tariff for Irrigation customers. Low load factor, low-usage customers would experience approximately no change relative to currently tariffed rates and about a 26% increase relative to the pre-interim base rates. High load factor, high-usage customers, on the other hand, are estimated to experience about a 6% reduction compared to currently tariffed rates and about a 19% increase relative to pre-interim base rates. Again, the Commission recognizes eachcustomer's billing impacts may vary based on his own consumption patterns.

Generic Interruptibility

In Order No 5484n, the Commission set the marginal cost base for the interruptible credit at the unit marginal generation capacity costs plus losses. Without the Commission's stay of Order No. 5484n, interruptible credits would exceed demand prices for the Substation class, according to MPC's compliance filing to Order No. 5484n. Table 9 summarizes the Commission's illustrative unit marginal costs to serve as the basis for MPC's generic interruptible credit for the Substation and Transmission classes. These costs are based on seasonal marginal generation capacity costs plus losses, adjusted downward by the factor used to adjust demand prices for each class in the Commission's revised LCG GS RD approach to attain the combined class revenue requirements. The Commission used a factor of about .825 for this computation.

Table 9
The Commission's Reconsidered
Unit Marginal Capacity Cost Basis For MPC's
Generic Interruptible Credit

Customer Class	Unit Marginal Cost Basis Winter ($/kW)	Summer ($/kW)
Substation	7.8828893	3.090837
Transmission	6.2870169	2.043462

In rebuttal testimony MPC proposed that its unit marginal cost basis for its generic interruptible credits be set at the mid-point between its marginal capacity charges and its current (pre-interim) base rate demand prices (compare Exh. No. MPC-47, TEW-18 and TEW-20). This proposal would result in a credit basis at a level below unit marginal generation capacity costs as proposed by MPC (Id., TEW-18). However, in its proposed II-1 tariff MPC based the interruptible credit on marginal generation capacity costs plus losses. The Commission questions why MPC would propose this credit valuation method for its II-1 tariff, but propose a cost basis which is less than unit marginal generation demand costs without losses for its GS-2 classes. For the purposes of this docket, the Commission's marginal cost basis for interruptible credits result in a level below unit marginal generation costs, without losses, which should ensure that the generic interruptible credits do not exceed demand prices. However, the appropriate definition and level of the marginal cost basis for interruptible credits will be a subject of consideration in MPC's next COS/RD filing.

Lighting

No party to this Docket filed motions regarding the Commission's decisions on Street, Post-Top, and Yard Lighting RD (see FOF 505, Order No. 5484n). However, the Commission finds that its COS decisions in Order No. 5484r and its reconciliation and revenue moderation decisions in this Order will change the prices for MPC's lighting services. Thus, the Commission directs MPC to compute its Lighting RDs based on the costs and class revenues resulting from this Order and Order Nos. 5484n and 5484r.

At FOF No. 537 of Order No. 5484n, the Commission directed MPC either to revise its current Street Lighting tariff or submit a new tariff which would allow customers to manage their annual hours of use. MPC requested that the 90-day filing requirement for this tariff commence from the service date of the Commission's Order on Motions for Reconsideration (MPC Motion, p. 17). Instead, the Commission will grant MPC an extension to file this tariff no later than September 1, 1992, since the Commission has stayed the implementation of Order Nos. 5484n, 5484r, and this order (5484s).

On or about January 15, 1991, MPC notified the Commission that its currently tariffed rate for a utility-owned, high-pressure sodium lamp, 200 lamp watts, steel pole, single, underground service is not priced correctly. The current tariff price for this lamp is $24.97. MPC maintains the correct price should be $23.72. Based on about 355 billed units, this error results in an over collection of about $443 per month. The Commission directs MPC to correct this rate in its compliance filing pursuant to this Order. The Commission directs MPC to refund to those customers affected by this error the amount overcollected for services rendered on or after November 1, 1991.

This amount would equal the difference between the corrected and tariffed rate times each customer's billed usage. Direction forthe correction of this error and this refund are not subject to the stay of this Order.

QF Standby Rate

In review of Order No. 5484n and MPC's proposal for this rate (see, e.g., Exh. No. MPC-47, TEW-23 and Amended Appendix B, October 1, 1990), the Commission finds that it incorrectly granted MPC's proposed QF Standby rate as an annual charge (see Order No. 5484n, FOF 514). MPC proposed this rate as a monthly charge. The Commission, therefore, amends its initial decision on this rate and approves the rate as stated in Findings 513-515, Order No. 5484n, as a monthly charge. Additionally, as a result of the Commission's COS decisions in Order No. 5484r, the Commission finds $1.23/kW rate listed in Order NO. 5484n would change to about $1.14/kW/mo. MPC is directed to recompute this rate using the Commission's methods in Order No. 5484n and marginal costs from MPC's compliance filing pursuant to Order 5484r, revised February 12, 1992.

Industrial Interruptible (II-1)

MPC requests reconsideration of its II-1 RD decision. MPC asserts that its intention for the II-1 rate was to set the energy price relative to the spot-market energy price to assure MPC would recover at least its off-system opportunity price for energy. MPC also maintains that its RD was intended to promote a two-furnace operation. According to MPC, the Commission's decision "ignores MPC's rate design proposal ... as well as the testimony of Rhone-Poulenc Chemical's witness Mr. Lanou." (MPC Motion, p. 15.) MPC asserts that if a RD such as that used by the Commission had been proposed, it would have explained the history behind the rate (assumedly the EIRI rate) and the need to conform to the original design. Since it was not aware of the changes made to this rate design, MPC claims it had no opportunity to present further information.

Further, MPC maintains that the Commission's II-1 energy price is higher than MPC's annual average off-system prices, which means MPC will be much less likely to interrupt RPC. MPC also argues that the II-1 rate will give RPC the incentive to run a one-furnace operation. MPC maintains the per unit price is lower than under the current rate (MPC Motion, pp. 15-16). RPC also requested reconsideration of the II-1 energy price (RPC Motion, p. 4).

The Commission denies MPC's motion to reconsider the II-1 rate design. MPC's arguments supporting its motion to reconsider the II-1 rate largely appear for the first time on reconsideration. For instance, MPC argues that its intent for the II-1 energy price was to at least cover its off-system opportunity price for energy. MPC did not provide any testimony regarding this objective. Additionally, MPC indicates only after the Final Order that it sought a two-furnace rate for RPC and that the energy price and spot-market energy price were related. While there may be merits to a tariff which promotes a two-furnace operation, the Commission questions whether the II-1 tariff's purpose was to do so. A rate promoting a two-furnace operation was one intent of the EIRI tariff; however, MPC has not specified in this case these aspects of the EIRI tariff it wished to retain under the II-1 tariff. To MPC's claim that it had no opportunity to present further information regarding the II-1 rate during this case, the Commission finds that MPC could have initially provided sufficient information regarding the intent of the II-1 tariff to allow the Commission to balance the many concerns/issues involved in this case.

The Commission continues to find merit in basing the II-1 energy rate on the long-run marginal energy cost resulting from the Commission COS decisions in this case. The Commission also recognizes validity in HRC's assertion that it is contradictory to encourage uneconomic power consumption, a result of pricing energy below its long-run marginal cost, while encouraging industrial conservation (see FOF Nos. 31 and 32). Within the context of this case, the Commission endorses setting energy price as close as possible to long-run marginal energy costs. Once again, however, the Commission notes that it has not closed the door on alternative rate designs for service to RPC. Based on the results of the Commission's COS decisions in Order No. 5484r, and the costs provided by MPC in compliance with that Order, as revised, the Commission computes the II-1 energy and customer prices to be $.028225 and $54,427/mo. These prices comport with the methods MPC proposed for the II-1 rate design in this case.

Compliance and Data Filing Requirements

In addition to the information MPC is required to provide in compliance with this Order, the Commission directs MPC to provide the following pictorial information summarizing the results of the Commission's COS decisions in Docket Nos. 87.4.21 and 90.6.39. This pictorial information must be filed with the Commission within 60 days of the service date of this Order, without regard to the Commission's decision to stay this Order and Order Nos. 5484n and 5484r. The following pictorial information must be provided:

a. A summary of the total and customer class revenues prior to the interim order in Docket No. 90.6.39 and those which will become effective on November 1, 1992. MPC must provide a comparison of the over all change in revenue requirements with this request. Further, MPC must provide these revenues in terms of base rates and in terms reflecting the rate moderation plan just prior to Interim Order No. 5484a.

b. The change in total marginal costs for each customer class between Docket Nos. 87.4.21 and 90.6.39.

c. A comparison of total marginal costs for each customer class by cost function (generation, transmission, substation, distribution, and customer) between Docket Nos. 87.4.21 and 90.6.39.

d. A comparison of percentages of total marginal costs for each cost function listed in c, above, that were classified as energy, demand, reactive power, or customer-related between Docket Nos. 87.4.21 and 90.6.39.

e. A comparison of unit marginal costs of energy, demand, reactive power, and customer-related at each voltage level between Docket Nos. 87.4.21 to 90.6.39, using the same methods the Commission directed MPC to compute these costs in this Order (see FOF Nos. 68 and 69).

f. A comparison of the annual and seasonal volumes (i.e.

all energy and demand measures) used to allocate and build up all marginal costs, from the COS study, tototal marginal costs for each customer class from each of Docket Nos. 87.4.21 and 90.6.39.

g.A comparison of the seasonal and time-of-day changes, including months and volumes (kWh and kWs) of allocations for each customer class between Docket Nos. 87.4.21 to 90.6.39.

h.A summary of all of MPC's retail rates for each rate change and each customer class since the closing of Docket No. 87.4.21 through November 1, 1992, expressed in real January 1992 dollars.

MPC must use as the source documents for this requested information its compliance filings pursuant to Order Nos. 5340, 5340b, and 5340c in Docket No. 87.4.21 and Order Nos. 5484n, 5484r and 5484s in Docket No. 90.6.39. The information provided must, therefore, reflect the Commission's ultimate COS, reconciliation/moderation and RD decisions in these Dockets.

Additionally, since the Commission has stayed this Order, and Order Nos. 5484n and 5484r through October 31, 1992, and the revenues currently in place reflect the last month of the RMP pursuant to Order No. 5113b, Docket No. 84.11.71, MPC does not have to file rates and work papers reflecting the rate design out of this Docket in the RMP. However, the Commission also finds it reasonable for MPC to immediately file these work papers and rates if the Commission's decision to stay the above Order is challenged.

CONCLUSIONS OF LAW

All Findings of Fact are hereby incorporated as Conclusions of Law.

The Applicant, Montana Power Company, furnishes electric and gas service for consumers in the State of Montana, and is a "public utility" under the regulatory jurisdiction of the Montana Public Service Commission. Section 69-3-101, MCA.

The Montana Public Service Commission properly exercises jurisdiction over Montana Power Company's rates and operations. Section 69-3-102, MCA, and Title 69, Chapter 3, Part 3, MCA.

The Montana Public Service Commission has provided adequate public notice of all proceedings, and an opportunity to be heard to all interested parties in this Docket. Sections 69-3-303, 69-3-104, MCA, and Title 2, Chapter 4, MCA.

The Montana Public Service Commission has the paramount authority over all contracts entered into by a public utility to the extent that rates and services are affected. This authority includes the power to supersede or modify provisions of contracts made by utilities related to rates, without otherwise nullifying contractual provisions. City of Billings v. Public Service Commission, 631 P.2d 1295, 38 St. Rep. 1162 (Mont. 1981).

The Montana Public Service Commission can stay the implementation of its orders, at its discretion, when necessary to meet its regulatory obligations under Title 69, MCA. Sections 69-3-102, 69-3-103(1), MCA.

The Montana Public Service Commission may order refunds or credits of rates, toll or charges upon a determination of over-collection. Section 69-3-305(3), MCA.

The cost of service approved herein is just, reasonable, and not unjustly discriminatory. Sections 69-3-330 and 69-3-201, MCA.

ORDER

Montana Power Company shall compute unit marginal costs for this Docket pursuant to and reflective of the Commission's cost-of-service and rate design decisions and directions contained in Order No. 5484r and herein. Also included shall be the specific information requested in Finding Nos. 114-116, as well as other parts of this Order. Montana Power Company must file complete and detailed workpapers supporting the above-required information.

Montana Power Company must compute class revenue responsibilities for each class pursuant to the Commission's cost-of-service, reconciliation, and moderation decisions as set forth in this Order and in Order Nos. 5484r and 5484n.

Montana Power Company must also compute prices/rates for all customer classes based on the final base rate revenues approved in this Docket and those approved on a final basis in Docket No. 91.6.24.

Montana Power Company shall compute and file prices/rates computed according to the Commission's methods and direction contained herein. Montana Power Company shall provide detailed workpapers supporting the prices it computes in compliance with this Order. These workpapers should include billing determinants, anticipated revenues generated by each price, and total anticipated revenues generated for each class.

MPC must file compliance proposed tariff pages for all classes affected by this Docket. These pages will not be subject to the tariff page filing fee. Following approval by the Commission, MPC must file final tariff pages, subject to the fee.

Montana Power Company shall submit all reports and studies as directed in this Order.

Montana Power Company must file testimony in its next cost-of-service and rate design filing on the various issues for which testimony is required as directed in this Order.

Montana Power Company shall provide copies of all workpapers and tariffs it has been directed to file in compliance with this Order to the Commission and all of the intervenors in this Docket no later than two weeks from the service date of this Order.

Intervenor comment on the compliance filing shall be made within 45 days of the service date of this Order. Comments should be limited to compliance accuracy only.

With the exceptions as follows, the implementation of rates pursuant to Order Nos. 5484n, 5484r, and this Order (5484s) is stayed. Rates filed pursuant to these Orders will be effective for service rendered on and after November 1, 1992.

Consistent with Order No. 5484o, the implementation of the low income discount is not subject to the stay.

The refund of the street lighting overcharge, as described at FOF 107, is not subject to the stay.

The direction given at FOFs 114 and 115 is not subject to the stay.

All other motions or objections made in the course of these proceedings which are consistent with the findings, conclusions, and decision made herein are Granted, those inconsistent are Denied.

DONE AND DATED at Helena, Montana, this 20th day of March 1992, by a 4 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DANNY OBERG, Vice Chairman

BOB ANDERSON, Commissioner

JOHN B. DRISCOLL, Commissioner

WALLACE W. "WALLY" MERCER, Commissioner

ATTEST:

Ann Peck
Commission Secretary

(SEAL)

NOTE: You may be entitled to judicial review in this matter. Judicial review may be obtained by filing a petition for review within thirty (30) days of the service of this order. Section 2-4-702, MCA.